

**Electronically Recorded**

Official Public Records

*Mary Louise Garcia*

Mary Louise Garcia

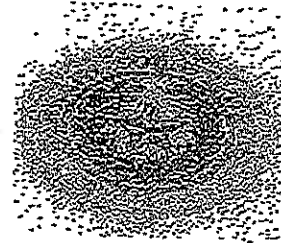
**Tarrant County Texas**

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PGS 6 \$36.00

Submitter: ACS



DALE PROPERTY SERVICES, LLC  
ATTN: RECORDING TEAM  
500 TAYLOR ST. STE 600  
FORT WORTH, TEXAS 76102

Submitter: DALE PROPERTY SERVICES, LLC

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**MARY LOUISE GARCIA  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401**

**DO NOT DESTROY**

**WARNING – THIS IS PART OF THE OFFICIAL RECORD**

ELECTRONICALLY RECORDED  
BY ACS EXCHANGE

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
STANDARD LEASE W/ OPTION v. 5

**PAID UP OIL AND GAS LEASE  
(No Surface Use)**

Electronically Recorded  
Chesapeake Operating, Inc.

THIS LEASE AGREEMENT is made this 31 day of March, 2011, by and between Southern Star Concrete, Inc., a Delaware corporation whose address is 8500 Freepoint Pkwy Ste 200, Irving, Texas 75063, as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., AN OKLAHOMA LIMITED LIABILITY COMPANY, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

6.35 acres of land, more or less, being Lot 3C, Block AR, of the Express Industrial Subdivision, an addition to the City of Fort Worth, being more particularly described by metes and bounds in that certain plat recorded in Volume 388-76, Page 48, of the Plat Records of Tarrant County, Texas; Save and Except: That portion of the above described property described in that certain deed by and between Express Concrete Company, as grantor, and L.E. Kornbleet, as grantee, and recorded in Volume 5886, Page 541, of the deed records of Tarrant County, Texas.

4.35 acres of land, more or less, being Lot 2R, Block AR, of the Express Industrial Subdivision, an addition to the City of Fort Worth, Tarrant County, Texas, according to that certain plat recorded in Cabinet A, Slide 2534, of the Plat Records of Tarrant County, Texas.

Said lands are hereby deemed to contain 10.70 acres of land, more or less.

in the county of TARRANT, State of TEXAS, containing 10.70 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

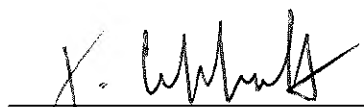
18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

See Exhibit "A" attached hereto and by reference made a part hereof.

**IN WITNESS WHEREOF**, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

**LESSOR (WHETHER ONE OR MORE)**

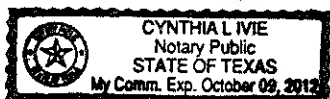
  
By: Tommy Abbott  
As: President of Southern Star Concrete, Inc., a Delaware corporation

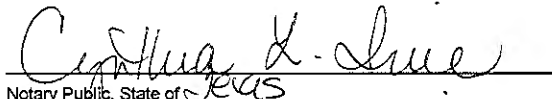
  
\_\_\_\_\_  
President

#### ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Dallas

This instrument was acknowledged before me on the 31st day of March, 2011, by: Tommy Abbott as president of Southern Star Concrete, Inc., a Delaware corporation on behalf of said corporation.



  
Notary Public, State of Texas  
Notary's name (printed): Cynthia L. Ivie  
Notary's commission expires: 10-9-12

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2011, by: \_\_\_\_\_

EXHIBIT "A"

Attached to and made a part of that certain Paid Up Oil and Gas Lease ("Lease") dated March 31, 2011, by and between Southern Star Concrete Inc., as Lessor and Chesapeake Exploration, L.L.C., as Lessee. Such Lease is incorporated herein by reference for all purposes as if set forth herein verbatim. This addendum is as much a part of the Lease as the Lease is to itself.

1. This Lease covers only oil, gas, sulfur and other associated hydrocarbons which can be produced out of and from the boar of well. Solid minerals, other than sulfur, such as iron, coal, sand, gravel, gold and clay are excluded from the Lease.
2. In no event will this Lease be maintained after the primary term by the payment of shut-in royalties for any period exceeding twenty-four (months).
3. This Oil, Gas and Mineral Lease excludes Lessee or its successors and assigns, from the use or access to the surface of the leased premises. It is understood that this Oil, Gas and Mineral Lease is only for the subsurface mineral estate and that this land may only be pooled or unitized with other adjacent land to form a drilling or pooled unit(s).
4. Notwithstanding anything to the contrary in the printed form Oil, Gas and Mineral Lease, it is understood as follows to wit: Lessee shall conduct no drilling, surface, or pipeline operations whatsoever on the surface of Lessor's property.
5. **THIS LEASE IS MADE WITHOUT WARRANTY OF TITLE BY LESSOR, AND LESSOR HEREBY EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES OF TITLE WITH RESPECT TO THE LAND AND INTEREST LEASED BY LESSOR TO LESSEE UNDER THIS LEASE AND TO THE OIL, GAS AND OTHER MINERALS IN IT OR PRODUCED FROM IT.**
6. Lessor reserves the right to use the leased premises for all purposes not inconsistent with the grant herein made. Lessee agrees to conduct its operations and locate its drill sites and other facilities and improvements so as to cause as little interference with Lessor's use of the remainder of the leased premises as is possible, consistent with the economical operation of the property for oil or gas. Lessee agrees to comply with all recorded matters, laws, ordinances, and governmental rules, regulations and orders relating to or affecting Lessee's operation on or with respect to the leased premises.
7. Without limitation upon any of the other provisions of this Lease, Lessee covenants and agrees as follows:
  - (a) Lessee shall remove from the leased premises all drilling mud and all hazardous substances brought upon the leased premises by Lessee, and dispose of them in a lawful manner; lawfully dispose of all saline solutions, salt water, waste oil, and all other substances that are a byproduct of Lessee's operations on the leased premises by removing them from the leased premises, and take all other reasonable steps to maintain, preserve, and/or restore the leased premises in good repair and condition;
  - (b) Lessee shall conduct its seismic and other such surveys in a manner so as not to damage Lessor's water wells, tanks or reservoirs;
  - (c) Lessee shall not cause or permit any hazardous substances to be brought upon, kept or used in or about the leased premises other than in accordance with all applicable laws;
  - (d) All labor and materials used in Lessee's operations shall be at Lessee's sole cost and expense, and Lessee shall save and protect Lessor and the leased premises from and against liens of any character arising from Lessee's operations; and

- (e) Lessee agrees to pay damages for the loss, diminution or depreciation of the beneficial use and/or market value of the leased premises, or part thereof, adversely affected by a breach by Lessee of any term of this Lease.

As used herein, the term "hazardous substances" means any pollutant, toxic substance, regulated substance, hazardous waste, hazardous material, hazardous substance, oil, hydrocarbon, asbestos or similar item as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Federal Water Pollution Control Act, as amended, the Texas Water Code, as amended, the Texas Solid Waste Disposal Act, as amended, or any other federal, state or local environmental or health and safety related, constitutional provisions, laws, regulations, ordinance, rule or bylaw, whether existing as of the date hereof, previously enforced or subsequently enacted.

8. Immediately after Lessee discontinues operations on or with respect to particular surface and subsurface areas, but in any event prior to the expiration of the term of the Lease, Lessee agrees to restore the surface and subsurface of the leased premises to as near its condition and state at the commencement of this Lease as is commercially feasible.
9. The bonus consideration paid by Lessee to Lessor at the execution of this Lease is fully earned by Lessor and is not refundable in any event, notwithstanding Lessor's actual mineral interests in the leased premises.
10. Lessor is granting rights to Lessee that Lessor would not grant to others. Therefore, prior written approval of Lessor is required for any transfer or assignment of this Lease by Lessee; provided that, without the consent of Lessor, Lessee may (i) transfer or assign this Lease as long as such transfer or assignment does not result in Lessee owning less than an undivided 20% interest in this Lease, or (ii) in the case of a corporate merger, consolidation or reorganization, or (iii) in the case of a sale of all or substantially all of the assets of Lessee or a widespread sale of assets of Lessee which includes Lessee's interest in this Lease. When Lessor's consent to an assignment is required, Lessor's prior written approval shall not be unreasonably withheld. However, written approval shall not be required for assignments made to Chesapeake Exploration, L.L.C., or its successors in interest, or to officers, directors, and or subsidiaries of Chesapeake Energy. Furthermore, Chesapeake Exploration, L.L.C., or its successors in interest, shall be free to assign up to a 30% interest in this lease without prior written consent from Lessor.
11. ANYTHING IN THIS LEASE TO THE CONTRARY NOTWITHSTANDING, LESSEE COVENANTS AND AGREES THAT IT WILL NOT CONDUCT ANY SURFACE OPERATIONS OF ANY NATURE ON THE LEASED PREMISES. The provisions of this Section 10 shall in no way reduce or limit the consideration paid and payable by Lessee to Lessor under the Lease.
12. **LESSEE AGREES TO INDEMNIFY AND HOLD LESSOR AND ITS AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS HARMLESS FROM AND AGAINST AND TO REIMBURSE SUCH INDEMNITEES WITH RESPECT TO, ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSS, DAMAGE, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, FIXED OR CONTINGENT, ASSERTED AGAINST OR INCURRED BY LESSOR AT ANY TIME AND FROM TIME-TO-TIME BY REASON OF OR ARISING OUT OF LESSEE'S OPERATIONS AND ACTIVITIES UNDER THIS LEASE, INCLUDING, WITHOUT LIMITATION, LESSEE'S NEGLIGENCE OR INTENTIONAL MISCONDUCT, LESSEE'S BREACH OF ITS OBLIGATIONS OR COVENANTS UNDER THIS LEASE, OR LESSEE'S BREACH OF ANY IMPLIED COVENANTS RELATING TO THIS LEASE.** The provisions of this Section 11 shall survive the termination of the Lease.

13. PARAGRAPH 13 OF THE PAID UP OIL AND GAS LEASE IS HEREBY DELETED IN ITS ENTIRETY.
14. In the event the terms and provisions of this Addendum conflict with the terms and provisions of the Lease, the terms and provisions of this Addendum shall prevail.